

**COMMUNITY PARTNERSHIP OF
SOUTHERN ARIZONA, INC.**

OMB CIRCULAR A-133 REPORTS

YEAR ENDED JUNE 30, 2008

COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.

OMB CIRCULAR A-133 REPORTS

YEAR ENDED JUNE 30, 2008

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Community Partnership of Southern Arizona, Inc.
Tucson, Arizona

We have audited the consolidated financial statements of Community Partnership of Southern Arizona, Inc. (CPSA) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 3, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards established by the AICPA Auditing Standards Board and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CPSA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CPSA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CPSA's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects CPSA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of CPSA's financial statements that is more than inconsequential will not be prevented or detected by CPSA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by CPSA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether CPSA's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Directors, CPSA management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 3, 2008

Beach, Fleishman & Co. P.C.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Community Partnership of Southern Arizona, Inc.
Tucson, Arizona

Compliance

We have audited the compliance of Community Partnership of Southern Arizona, Inc. (CPSA) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. CPSA's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of CPSA's management. Our responsibility is to express an opinion on CPSA's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards established by the AICPA Auditing Standards Board; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about CPSA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on CPSA's compliance with those requirements.

In our opinion CPSA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 08-1.

Internal Control Over Compliance

The management of CPSA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered CPSA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CPSA's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic consolidated financial statements of CPSA as of and for the year ended June 30, 2008, and have issued our report thereon dated October 3, 2008. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

This report is intended for the information of the Board of Directors, CPSA management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

October 3, 2008

Beach, F. J. & Co., P.C.

COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through the Arizona Department of Health Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	53-2003-05	\$ 300,640
Substance Abuse and Mental Health Services - Projects for Regional and National Significance	93.243	53-2003-03/05	228,931
State Children's Insurance Program	93.767	53-2003-03/05	2,906,664
Medical Assistance Program	93.778	53-2003-03/05	140,296,977
Block Grants for Community Mental Health Services	93.958	53-2003-03/05	1,693,077
Block Grants for Prevention and Treatment of Substance Abuse	93.959	53-2003-03/05	7,205,920
Passed through the Department of Economic Security:			
Temporary Assistance for Needy Families	93.558	DE060012-002	<u>1,038,453</u>
Total U.S. Department of Health and Human Services			<u>153,670,662</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Arizona Department of Housing:			
Supportive Housing Program	14.235	526-07	138,118
Shelter Plus Care	14.238	547-07	<u>1,286,568</u>
Total U.S. Department of Housing and Urban Development			<u>1,424,686</u>
Total Expenditures of Federal Awards			<u><u>\$ 155,095,348</u></u>

COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

1. Basis of presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Community Partnership of Southern Arizona, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Catalog of Federal Domestic Assistance (CFDA) Numbers:

The program titles and CFDA numbers or federal identification numbers were obtained from the federal or pass-through grantor or the update to the 2008 *Catalog of Federal Domestic Assistance*.

3. Subrecipients:

Of the federal expenditures presented in the schedule, the Organization provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Supportive Housing Program	14.235	\$ 138,118
Shelter Plus Care	14.238	753,891
Projects for Assistance in Transition from Homelessness (PATH)	93.150	300,640
Substance Abuse and Mental Health Services	93.243	6,233
Temporary Assistance for Needy Families	93.558	839,891
State Children's Insurance Program	93.767	2,827,530
Medical Assistance Program	93.778	119,614,646
Block Grants for Community Mental Health Services	93.958	1,672,283
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4,932,792

COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2008

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expressed an unqualified opinion on the consolidated financial statements of CPSA.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of CPSA is disclosed in the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for CPSA expresses a unqualified opinion on its major programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as a major program is as follows:

U.S. Department of Health and Human Services:	
Medical Assistance Program	93.778
8. The threshold used for distinguishing Type A and Type B programs was \$3,165,286.
9. CPSA did qualify as a low-risk auditee.

COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2008

FINDINGS – FINANCIAL STATEMENT AUDIT

None.

COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2008

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Questioned
Costs

08-1 Medical Assistance Program - CFDA No. 93.778, Grant Number 53-2003-03/05; Grant period - Year ended June 30, 2008

Condition and criteria:

Adjudicated claims are to be supported by appropriate documentation including units claimed and progress notes for services provided on behalf of eligible individuals.

Effect:

Thirteen claims totaling \$8,347 were not supported with the requisite case notes.

Population and items tested:

A sample of 60 claims totaling \$72,079 was selected for audit from a population of 233,907 claims totaling \$16,772,132 incurred for the period 7/1/07 through 4/30/08.

Unknown

Cause:

In seven cases the claims were not supported with the requisite case notes on file. Six claims' units of service were not supported with the duration indicated in the progress notes.

Recommendation:

Policy and procedure should be followed for maintenance of all individual case files whose claims are to be adjudicated.

Auditee Response:

We concur.

COMMUNITY PARTNERSHIP OF SOUTHERN ARIZONA, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2008

FINDING 07-1:

Medical Assistance Program

Condition: This was a compliance finding stating that adjudicated claims are to be supported by appropriate documentation including progress notes for services provided on behalf of eligible individuals.

Recommendation: The auditor recommended CPSA policy and procedure be followed for maintenance of all individual case files whose claims are to be adjudicated.

Current status: The discussion for Finding 08-1 also applies to this finding.